



July 20, 2007

Dear Professional Employer Organization:

If you are a “professional employer organization” (PEO) that has clients in Washington state, there are new laws that affect you. PEOs are businesses that manage human-resource issues, such as workers’ compensation, payroll and unemployment insurance (UI), for other companies.

The law now requires you to register with the Employment Security Department and to make sure that your client employers are also registered. If you represent a client employer for UI purposes, you must provide a power of attorney (form enclosed) completed by each client employer. The power of attorney form is also available at www.efile.go2ui.com.

By September 1, 2007, every PEO must provide the department with the information on the enclosed report form for every client employer who does business in Washington state. You also can use this form to report new clients in the future. You must notify our department within 30 days each time you add or terminate a relationship with a client employer and must include the effective date of the change.

If you have multiple clients, we recommend that you submit information (other than the power of attorney form) electronically this first time. You may upload the data (specifications enclosed) on our secure Web site (www.fortress.wa.gov/esd/uia/fasttaxupload/) or e-mail completed forms to: status@esd.wa.gov. You may also mail the spreadsheet on CD or disk to:

Employment Security Department
UI Tax and Wage Administration
PO Box 9046
Olympia, WA 98507-9046

Under the new law, PEOs will be required to file quarterly tax and wage reports broken out by individual client employer. We recommend that you file reports electronically in one of two ways:

- File a separate electronic report for each client employer using *UIFastTax* or *UIWebTax*; or
- Use Washington ICESA Format to send a single file that contains separate reports for each client employer.

These electronic options are available at: www.efile.go2ui.com. You also have the option of filing separate paper report for each client employer (Forms 5208A and 5208B).

At this time, if you file separately for each client employer, you also must submit a separate tax payment for each client employer. Payments can be made by check or online at www.epay.go2ui.com.

If you would like to receive current information on the new laws by e-mail, log onto www.wa.gov/esd/taxinfolist and select Professional_Employer_Organization_Communication.

If you would like to be involved in the rule-making process for the new law, contact Juanita Myers at jmyers@esd.wa.gov or 360-902-9665.

To read the new law, log onto www.leg.wa.gov, click on the “Bill Search” tab and type in the bill number (5373). Sections 8 through 17 particularly affect PEOs and their client employers.

If you have questions, please e-mail us at status@esd.wa.gov.

Thank you for your cooperation.

Enclosures